

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

# **HOUSE BILL 2082**

AN ACT

AMENDING SECTIONS 38-755 AND 38-760, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2       Section 1. Section 38-755, Arizona Revised Statutes, is amended to  
3 read:

4              38-755. Information as to member's status: spousal notification

5       A. Subject to rules prescribed by the board, on application of a  
6 member, the board shall furnish information concerning the member's  
7 status. In addition, the board shall annually furnish to each member an  
8 account statement showing the status of the member's account including the  
9 name of the member's beneficiary as last listed with the board.

10      B. The member may change the member's beneficiary at any time pursuant  
11 to rules adopted by the board and on forms furnished by the board.

12      C. A MEMBER SHALL NOTIFY THE MEMBER'S CURRENT SPOUSE BEFORE THE MEMBER  
13 NAMES A BENEFICIARY OTHER THAN THE MEMBER'S CURRENT SPOUSE OR BEFORE THE  
14 MEMBER CHANGES THE MEMBER'S BENEFICIARY IF THE MEMBER'S CURRENT SPOUSE IS THE  
15 BENEFICIARY AT THE TIME OF THE CHANGE.

16      Sec. 2. Section 38-760, Arizona Revised Statutes, is amended to read:

17              38-760. Optional forms of retirement benefits

18       A. On retirement, members may elect an optional form of retirement  
19 benefit as provided in this section.

20       B. The optional retirement benefits available under this section  
21 include the following:

22              1. Joint and survivor annuity in a reduced amount payable to the  
23 retiring member during life, with the provisions that after the member's  
24 death all, two-thirds or one-half of the retirement income, as the member  
25 elects, shall be continued during the lifetime of the contingent annuitant  
26 designated by the retiring member subject to the restrictions prescribed in  
27 section 38-764. The amount of retirement income shall be the actuarial  
28 equivalent of the retirement income to which the member would be entitled  
29 under normal or early retirement. The election in a manner prescribed by the  
30 board shall name the contingent annuitant. The election may be revoked at  
31 any time before the member's effective date of retirement. At any time after  
32 benefits have commenced, the member may name a different contingent annuitant  
33 or rescind the election by written notice to the board as follows:

34                  (a) If a different contingent annuitant is named, the annuity of the  
35 member under the same joint and survivor annuity option previously elected  
36 shall be adjusted to the actuarial equivalent of the original annuity, based  
37 on the age of the new contingent annuitant. The adjustment shall include all  
38 ~~post-retirement~~ POSTRETIREMENT increases in retirement income that are  
39 authorized by law after the member's date of retirement. Payment of this  
40 adjusted annuity shall continue under the provisions of the option previously  
41 elected by the member.

42                  (b) If the member rescinds the election, the member shall thereafter  
43 receive a straight life annuity equal to what the member would otherwise be  
44 entitled to receive if the member had not elected the joint and survivor  
45 annuity option, including all ~~post-retirement~~ POSTRETIREMENT increases in

1      retirement income that are authorized by law after the date of  
2      retirement. The increased payment shall continue during the remainder of the  
3      member's lifetime.

4            (c) If the member reverts to a straight life annuity pursuant to  
5      subdivision (b) **OF THIS PARAGRAPH**, the member may name a new contingent  
6      annuitant subject to the same restrictions prescribed in subdivision (a) **OF**  
7      **THIS PARAGRAPH**.

8            (d) **IF THE MEMBER'S CONTINGENT ANNUITANT IS THE MEMBER'S CURRENT**  
9      **SPOUSE, THE MEMBER SHALL NOTIFY THE CONTINGENT ANNUITANT BEFORE THE MEMBER**  
10     **NAMES A NEW CONTINGENT ANNUITANT OR BEFORE THE MEMBER RESCINDS THE ELECTION.**

11        2. A period certain and life annuity actuarially reduced with payments  
12      for five, ten or fifteen years that are not dependent on the continued  
13      lifetime of the member but whose payments continue for the member's lifetime  
14      beyond the five, ten or fifteen year period. At any time, a member who  
15      retires after ~~the effective date of this amendment to this section~~ AUGUST 9,  
16      2001 may rescind the election of a period certain and life annuity. If the  
17      member rescinds the election of a period certain and life annuity, the member  
18      shall thereafter receive a straight life annuity equal to what the member  
19      would otherwise be entitled to receive if the member had not elected the  
20      period certain and life annuity option, including all postretirement  
21      increases in retirement income that are authorized by law after the date of  
22      retirement. The increased payment shall continue during the remainder of the  
23      member's lifetime. If the member reverts to a straight life annuity pursuant  
24      to this paragraph, the member may again elect a period certain and life  
25      annuity subject to the same provisions of the period certain and life annuity  
26      previously elected by the member. **IF THE MEMBER'S CONTINGENT ANNUITANT IS**  
27      **THE MEMBER'S CURRENT SPOUSE, THE MEMBER SHALL NOTIFY THE CONTINGENT ANNUITANT**  
28      **BEFORE THE MEMBER RESCINDS THE ELECTION OF A PERIOD CERTAIN AND LIFE ANNUITY**  
29      **OR AGAIN ELECTS A PERIOD CERTAIN AND LIFE ANNUITY PURSUANT TO THIS PARAGRAPH.**

30        3. Beginning on July 1, 2002, a lump sum payment equal to not more  
31      than thirty-six months of the member's retirement benefits under the benefit  
32      option elected by the member. The member's benefit shall be actuarially  
33      reduced to provide for the lump sum payment. The lump sum payment shall be  
34      made at the time of retirement. Any benefit increase granted to a member who  
35      elects a lump sum payment pursuant to this paragraph is subject to the  
36      following conditions:

37            (a) If the benefit increase is a percentage increase of the member's  
38      retirement benefit, the increase shall be based on the actuarially reduced  
39      retirement benefit of the member.

40            (b) If the benefit increase is pursuant to section 38-767, the amount  
41      of the member's benefit increase shall be calculated without regard to the  
42      lump sum payment pursuant to this paragraph.

43        4. Other forms of actuarially reduced optional benefits prescribed by  
44      the board.